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May 2, 1997

James L. Casserly  
Senior Legal Advisor to Commissioner Susan Ness  
Federal Communications Commission  
1919 M Street, N.W., Room 832  
Washington, D.C. 20554

MAY 2 1997

RE: CC Docket Nos. 96-262, 94-1, and 91-213  
Access Charge Reform

Dear Mr. Casserly:

I am writing on behalf of WorldCom, Inc. to enclose, in response to your request, a table that compares the proposals regarding LEC pricing flexibility in the Notice of Proposed Rulemaking in this proceeding with the proposals advanced by WorldCom. I am also providing a copy of two tables regarding pricing flexibility that were included in WorldCom's initial comments. I am filing six copies of this notice with the Office of the Secretary.

Respectfully submitted,

*David Sieradzki*

David L. Sieradzki  
Counsel for WorldCom, Inc.

Enclosures

cc: William F. Caton, Acting Secretary (with enclosures)

**TABLE: COMPARISON OF PRICING FLEXIBILITY MEASURES  
PROPOSED IN THE ACCESS REFORM NOTICE AND IN WORLDCOM'S PLAN**

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<p>Phase I: "Potential Competition"</p>	<p><u>Triggering Conditions</u></p> <ul style="list-style-type: none"> <li>• Unbundled network element prices based on geographically deaveraged, forward-looking economic costs -- and offered under pro-competitive terms and conditions.</li> <li>• Cost-based rates for local transport &amp; termination.</li> <li>• Resale rates based on retail less avoided cost.</li> <li>• Network elements and services provisioned rapidly and effectively.</li> <li>• Dialing parity, number portability, access to rights of way, and open and non-discriminatory network standards and protocols.</li> </ul> <p><u>Regulatory Changes</u></p> <ul style="list-style-type: none"> <li>• Geographic deaveraging of carrier access charges.</li> <li>• Volume discounts and term discounts.</li> <li>• Contract tariffs and individual RFP responses.</li> <li>• Streamlined regulation of new services.</li> </ul>	<p><u>Triggering Conditions -- Same as Notice Plus the Following:</u></p> <ul style="list-style-type: none"> <li>• Full implementation of competitively neutral universal service mechanisms (moved from Phase II to Phase I).</li> <li>• Credible, timely enforcement of pro-competitive rules (moved from Phase II to Phase I).</li> <li>• TIC eliminated.</li> <li>• Cost-based, non-discriminatory non-recurring charges.</li> </ul> <p><u>Regulatory Changes</u></p> <ul style="list-style-type: none"> <li>• Geographic deaveraging of SLC, as well as carrier access charges, permitted.</li> <li>• Differential pricing of carrier access services for traffic that originates from or terminates to residential, single-line business, or multi-line business customers (moved from Phase II to Phase I).</li> <li>• No volume discounts, contract tariffs, or individual RFP responses (except to extent already allowed).</li> <li>• Term discounts up to 3 years, but not longer.</li> <li>• Streamlined regulation of new services that cannot be substituted for existing services, but <u>not</u> for those that can be substituted for existing services.</li> </ul>
<p>Phase II: <u>Notice:</u> "Actual Competition"</p> <p>WorldCom: "Substantial Competition"</p>	<p><u>Triggering Conditions</u></p> <ul style="list-style-type: none"> <li>• Demonstrated presence of competition (measured on a service by service basis).</li> <li>• Full implementation of competitively neutral universal service mechanisms.</li> <li>• Credible, timely enforcement of pro-competitive rules.</li> </ul> <p><u>Regulatory Changes</u></p> <ul style="list-style-type: none"> <li>• Elimination of separate baskets, service categories, and rate structure rules for trunking and local switching.</li> <li>• Differential pricing of carrier access services for traffic that originates from or terminates to residential, 1-line business, and multi-line business.</li> </ul>	<p><u>Triggering Conditions -- Phase I Conditions Plus:</u></p> <ul style="list-style-type: none"> <li>• Local market conditions comparable to those that the Commission found before streamlining AT&amp;T's regulation in 1991, and Herfindahl-Hirshman Index level for the particular local market that is at least as low as that in the long-distance service markets for which AT&amp;T's regulation was streamlined in 1991.</li> </ul> <p><u>Regulatory Changes -- Phase I Changes Plus:</u></p> <ul style="list-style-type: none"> <li>• Volume discounts.</li> <li>• Term discounts for any length term.</li> <li>• Contract tariffs and competitive response tariffs.</li> <li>• Streamlined regulation of "new" services that can be substituted for existing services.</li> </ul>
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Phase II: "Substantial Competition"	<ul style="list-style-type: none"> <li>• General market conditions that the Commission found before streamlining AT&amp;T's regulation in 1991.</li> <li>• Herfindahl-Hirshman Index level for the particular local market that is at least as low as that in the long-distance service markets for which AT&amp;T's regulation was streamlined in 1991.</li> </ul>	<ul style="list-style-type: none"> <li>• Volume discounts.</li> <li>• Term discounts for any length term.</li> <li>• Contract tariffs and competitive response tariffs.</li> <li>• Streamlined regulation of "new" services that can be substituted for existing services.</li> <li>• Elimination of separate baskets, service categories, and rate structure rules for trunking and local switching.</li> </ul>
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Phase II-A: "Emerging Full-Service Competition"	<ul style="list-style-type: none"> <li>• Competitive presence test -- availability of local telephone service from facilities-based competitors to a certain minimum percentage of both business and residential customers throughout the relevant geographic area</li> </ul>	<ul style="list-style-type: none"> <li>• Streamlined regulation of new services if cannot be substituted for existing services.</li> <li>• Term discounts for any length term.</li> <li>• Volume discounts with cost showing justifying both rate level of discounted offering and rate relationship to non-discounted offering.</li> </ul>
Phase II-B: "Substantial Full-Service Competition"	<ul style="list-style-type: none"> <li>• General market conditions that the Commission found before streamlining AT&amp;T's regulation in 1991.</li> <li>• Herfindahl-Hirshman Index level for the particular local market that is at least as low as that in the long-distance service markets for which AT&amp;T's regulation was streamlined in 1991.</li> </ul>	<ul style="list-style-type: none"> <li>• Volume discounts with less justification required.</li> <li>• Contract tariffs and competitive response tariffs.</li> <li>• Streamlined regulation of "new" services that can be substituted for existing services.</li> <li>• Elimination of separate baskets, service categories, and rate structure rules for trunking and local switching.</li> </ul>
Absence of Potential Competition	<ul style="list-style-type: none"> <li>• Conditions for Phase I not satisfied by Jan. 1, 1999.</li> </ul>	<ul style="list-style-type: none"> <li>• Prescription of all access charges at forward-looking economic cost.</li> </ul>